Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
North American Numbering Plan Administration	)	
	)	CC Docket No. 92-237
NeuStar, Inc., Request to Allow Certain Transactions Without Prior Commission Approval and to Transfer Ownership	)	
	)	
	)	

ORDER

Adopted: August 23, 2004 **Released: August 26, 2004**

By the Commission:

I. INTRODUCTION

1. In this Order we make minor modifications to the conditions placed on NeuStar, Inc. (NeuStar) in its role as the North American Numbering Plan Administrator (NANPA) in the *Warburg Transfer Order*.[1] We grant, in part, NeuStar's request to perform certain changes and transactions that do not affect its neutrality, without prior Federal Communications Commission (Commission) approval.[2] We also adopt several new conditions that are necessary to ensure the neutrality of the NANPA.

2. Since the regulation of NeuStar as a privately held company would differ in some respects from the regulation of NeuStar as a publicly owned company, our review distinguishes the effects of and the limitations placed on NeuStar's requests under its current organizational structure and after an initial public offering (IPO). We find that prior approval is no longer required under NeuStar's current organizational structure or after an IPO, subject to the conditions listed herein, for changes to: (1) the structure or size of NeuStar's Board; (2) NeuStar's bylaws, charter or securities; and (3) NeuStar's corporate structure. Under its current organizational structure, however, NeuStar must continue to seek prior approval for: (1) the acquisition of equity interests in NeuStar by a telecommunications service provider (TSP) or TSP affiliate; and (2) any transaction that would increase Warburg, Pincus & Co.'s (Warburg's) percentage equity interest in NeuStar. We also conclude that prior approval will not be required once NeuStar becomes a public company for: (1) transactions that dilute or do not increase any interests of a TSP or TSP affiliate in NeuStar; (2) NeuStar to issue indebtedness to any entity that is not a TSP or TSP affiliate; (3) NeuStar to acquire an equity interest in any entity that is not a TSP or TSP affiliate. NeuStar, however, will be required to notify the Commission of any changes or transactions for

---

[1] *Request of Lockheed Martin Corporation and Warburg, Pincus & Co. for Review of Transfer of the Lockheed Martin Communications Industry Services Business*, CC Docket No. 92-237, Order, 14 FCC Rcd 19792, 19085 (1999) (*Warburg Transfer Order*).

[2] *See* Letter from Richard E. Wiley, Wiley Rein & Fielding LLP, Counsel for NeuStar, Inc., to Michael K. Powell, Chairman, Federal Communications Commission at 1 (dated April 14, 2004) (NeuStar Request).

which prior approval has been eliminated, as specified below.

3. We also grant, in part, subject to the conditions imposed herein, NeuStar's request for a transfer of ownership control from the current majority shareholder, a Voting Trust, to a broader shareholder base through an IPO. We further conclude that NeuStar's proposal to change its organizational structure does not require rebidding the NANPA contract.

II. BACKGROUND

4. Selection of NeuStar as the North American Numbering Plan Administrator. Section 251(e) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996,[3] requires the Commission to designate an impartial numbering administrator to make telecommunications numbers available on an equitable basis.[4] The North American Numbering Council (NANC)[5] advises the Commission on policy matters relating to administration of the North American Numbering Plan (NANP).[6] On October 9, 1997, the Commission affirmed the NANC's selection of Lockheed Martin IMS Corporation (Lockheed), NeuStar's predecessor, as the NANPA.[7] Lockheed assumed the NANPA functions in February 1998.[8] On November 17, 1999, the Commission approved the transfer of Lockheed's NANPA functions to NeuStar.[9] At the end of NeuStar's term as the NANPA, the Commission extended NeuStar's contract on a month-to-month basis.[10] On July 9, 2003, the Commission reappointed NeuStar, after a competitive bidding process,[11] to serve as the NANPA.[12]

[3] Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996).

[4] 47 U.S.C. § 251(e).

[5] The Commission established the NANC on July 13, 1995, pursuant to the Federal Advisory Committee Act (FACA). *See* 5 U.S.C. App. 2.

[6] *Administration of the North American Numbering Plan*, Report and Order, CC Docket No. 92-237, 11 FCC Rcd 2588, 2608 (1995) (*NANP Order*).

[7] *Administration of the North American Numbering Plan and Toll Free Service Access Codes*, Third Report and Order and Third Report and Order, CC Docket Nos. 92-237 and 95-155, 12 FCC Rcd 23040 (1997) (*NANP Administration Third Report and Order*). *See also* Recommendation of the North American Numbering Council, North American Numbering Plan Administrator and Billing and Collection Agent (May 15, 1997).

[8] *See Warburg Transfer* Order, 14 FCC Rcd at 19796, *citing NANP Administration Third Report and Order*, 12 FCC Rcd 23073, n.226

[9] *See Warburg Transfer* Order, 14 FCC Rcd at 19792. In the *Warburg Transfer* Order, the Commission found that because Warburg's interests in Four Media Company, Covad Communications Company and Primus Telecommunication Group, Inc., exceeded the 10% equity interest threshold as defined in section 52.12(a)(1)(i) of our rules, Warburg is an affiliate of at least three TSPs. The Commission, however, concluded that, despite Warburg's investments in telecommunications service providers, the placement of a large majority of Warburg's shares in a voting trust will adequately prevent Warburg or its affiliates from exercising undue influence on the NANPA in its numbering administration duties. *See id.* at 19811; 47 C.F.R. § 52.12(a)(1)(i). The history, terms, and conditions of the transfer are discussed in greater detail below. *See infra* at paras. 11-14.

[10] *See The Federal Communications Commission Extends the Terms of Administration for NeuStar, Inc. as the North American Numbering Plan Administrator and NBANC, as the Numbering Billing and Collection Agent*, CC Docket No. 92-237, 18 FCC Rcd 2834 (2003).

[11] As a matter of its discretion, the Commission decided to select a new NANPA using the competitive procedures in the Federal Acquisition Regulation (FAR), 48 C.F.R. §§ 1.000 *et. seq.*

[12] NeuStar was then awarded a one-year contract with four one-year options to be exercised at the discretion of the Commission. *See* Federal Communications Commission, Solicitation SOL03000001, North American Numbering

(continued....)

5. The question of whether to grant NeuStar's request turns on whether NeuStar can remain a neutral administrator of the NANPA. Our analysis of NeuStar's neutrality is governed by the neutrality requirements set forth is section 52.12 of our rules,[13] the conditions imposed on NeuStar by the Commission in the *Warburg Transfer Order* and the corresponding Code of Conduct,[14] and the prior approval requirements reiterated in the *Bureau Letter.*[15]

6. *NeuStar's Request.* On April 15, 2004, NeuStar filed a letter with the Commission seeking a ruling that it need not seek prior Commission neutrality review and approval for certain types of changes that it believes does not affect its ability to be a neutral administrator for the NANP. In addition, in anticipation of a potential IPO, NeuStar sought Commission approval for a transfer of control of the company from the current majority shareholder, the Voting Trust, to a broad shareholder base.[16] Specifically, NeuStar requested that three general categories of changes not be subject to prior Commission approval: (1) corporate changes that do not increase the rights of any entity affiliated with a TSP; (2) transactions that do not increase any interests of a TSP or a TSP affiliate in NeuStar; and (3) transactions that permit NeuStar to become a public company (including an IPO) and subsequent sales of NeuStar equity, subject to several limitations on TSP ownership.[17] The Commission sought comment on NeuStar's request and its ability to maintain neutrality.[18] The Commission also asked the NANC to review NeuStar's request to determine whether any aspect of the requested relief, if granted, would affect NeuStar's compliance with the Commission's neutrality requirements and regulatory oversight of NeuStar as a neutral numbering administrator.

7. *The NANC Report and Public Comments.* On May 27, 2004, the NANC filed its recommendation on NeuStar's request.[19] The NANC had no significant concerns about modifying the prior approval requirements, provided that a number of the existing neutrality safeguards identified in the

(...continued from previous page)
Plan Administrator, dated March 28, 2003; Letter from Mark W. Oakey, Contracting Officer, Federal Communications Commission, to John Ricker, NBANC, dated July 9, 2003 (announcing NeuStar as the next NANPA). On July 7, 2004, the Commission modified NeuStar's contract to exercise its first option year, effective July 9, 2004 through July 8, 2005. *See* Amendment of Solicitation/Modification of Contract, No. CON3000015, singed by Mark W. Oakey, Contracting Officer, Federal Communications Commission (dated July 7, 2004).

[13] *See generally,* 47 C.F.R. § 52.12.

[14] *Warburg Transfer Order*, 14 FCC Rcd at 19792, 19816

[15] Letter from Dorothy T. Attwood, Chief Common Carrier Bureau, to Ed Freitag, Esq., NeuStar, Inc., CC Docket No. 92-237, 17 FCC Rcd 13641 (Common Carrier Bureau, July 12, 2002) (*Bureau Letter*). This letter superceded, in its entirety, the letter released on July 1, 2002 regarding the same subject matter. *See* Letter from Dorothy T. Attwood, Chief Common Carrier Bureau, to Ed Freitag, Esq., NeuStar, Inc., CC Docket No. 92-237, DA 02-1538 (Common Carrier Bureau, July 1, 2002); *see also Bureau Letter* at 1. The term "Bureau" refers to the prior Common Carrier Bureau and the current Wireline Competition Bureau.

[16] *See* NeuStar Request at 1.

[17] *Id.* at 5.

[18] *See Comment Sought On NeuStar, Inc. Request to Allow Certain Transactions Without Prior Commission Approval and to Transfer Ownership*, CC Docket No. 92-237, Public Notice, 19 FCC Rcd 7011 (2004); 69 Fed Reg 26108.

[19] *See* Letter from Robert C. Atkinson, Chairman, NANC, to William Maher, Chief, Wireline Competition Bureau, Federal Communications Commission, CC Docket No. 92-237 (dated May 27, 2004); *NANC Report and Recommendation on NeuStar's Request*, Prepared for the NANC by the Numbering Oversight Working Group, Revised by the NANC at 3 (dated May 18, 2004) (NANC Report on NeuStar Request). This report is limited to a review of NeuStar's petition as it relates to the NANPA and Pooling Administrator functions.

report are reaffirmed by the Commission.[20] Six parties filed comments and/or reply comments in response to the Public Notice.[21] Cox and CTIA did not oppose granting NeuStar's request but argued that additional information was necessary before a final decision could be reached.[22] Syniverse and CTIA contend that granting NeuStar's request would undermine the integrity of the competitive bidding process used to select NeuStar as the NANPA.[23] BellSouth contends that the Commission should not grant NeuStar's request until certain neutrality requirements are modified.[24] NeuStar made *ex parte* filings providing additional information in support of its request on June 22, 2004, July 13, 2004, and July 28, 2004, respectively.[25]

III. DISCUSSION

8. Since the neutrality concerns posed by NeuStar as a privately-held company under its current ownership structure differ in some respects from such concerns posed by NeuStar as a publicly-owned company, our review shall distinguish the effects of and the limitations placed on NeuStar's requests in both a pre-IPO and a post-IPO environment. As we explain below, NeuStar may continue to serve as a neutral numbering administrator after it becomes a publicly-owned entity. In addition, we find generally that NeuStar may grow or change as a corporate entity, including becoming a publicly-owned company, so long as adequate safeguards, as discussed below, are in place to ensure that it remains neutral.

9. The same general neutrality concerns that were present when ownership of Lockheed was transferred to Warburg will continue as long as NeuStar remains a private entity that is primarily owned and controlled by a TSP affiliate, Warburg. Therefore, we keep in place most of the pre-approval requirements for the period before NeuStar shares are offered for sale to the general public. We, however, take this opportunity to clarify and narrow those requirements based on our experience. After an IPO, the corporate influence of any given TSP or TSP affiliate will likely be diluted. Accordingly, there will be less need to monitor all transactions affecting NeuStar's ownership and corporate structure. The disclosure requirements established in this Order and other regulatory requirements will subject NeuStar as a public company to greater scrutiny and oversight.[26] In addition to our oversight, NeuStar would be subject to regulation by the Securities and Exchange Commission (SEC) which will bring

[20] NANC Report on NeuStar Request at 13.

[21] *See infra* at Appendix.

[22] *See* Cox Comments at 11; Cox Reply Comments at 2-3; CTIA Comments at 3-4.

[23] *See* CTIA Comments at 1-4; Syniverse Comments at 1-5. We address these claims below. *See infra* at paras. 35-41.

[24] BellSouth Comments at 1-2, 8. BellSouth argues that before the Commission can relax its prior approval requirements, it must modify the current neutrality rules to address certain gaps in the rules. For example, BellSouth contends that the Commission's neutrality rules need to consider changes in the market such as the emergence of VoIP services, and to address the question of whether VoIP providers are TSPs. BellSouth Comments at 1-8. BellSouth's request, however, is the subject of a separate proceeding and is beyond the scope of this proceeding. *See IP-Enabled Services*, Notice of Proposed Rulemaking, WC Docket No. 04-36, 19 FCC Rcd 4863 (2004).

[25] Letter from Nancy J. Victory, Wiley Rein & Fielding LLP, Counsel for NeuStar, Inc., to Marlene H. Dortch, Secretary, Federal Communications Commission (dated June 22, 2004) (*NeuStar June 22 ex parte*); Letter from Richard E. Wiley, Wiley Rein & Fielding LLP, Counsel for NeuStar, Inc., to Marlene H. Dortch, Secretary, Federal Communications Commission (dated July 13, 2004) (*NeuStar July 13 ex parte*); Letter from Richard E. Wiley, Counsel for NeuStar, Inc., to Marlene H. Dortch, Secretary, Federal Communications Commission at 1 (dated July 28, 2004) (*NeuStar July 28 ex parte*).

[26] *See* NeuStar Request at 8-9.

greater transparency to NeuStar's business dealings.[27] Furthermore, other existing neutrality oversight mechanisms will remain in place.[28] These mechanisms include, but are not limited to: the Commission's rules; the NANC's authority to investigate NeuStar's NANP neutrality; NeuStar's obligation to submit quarterly neutrality audits to the NANC and the FCC; and NeuStar's obligations to comply with its Code of Conduct.[29] Therefore, we believe that we are justified in relaxing the post-IPO prior approval requirements subject to certain conditions. We emphasize that the Commission will have no tolerance for violations of the neutrality requirements and the conditions set forth in this Order.[30] Any violation of these requirements will subject NeuStar to any and all remedies available to the Commission, up to and including contract termination.[31]

A. Standard of Review

10. *Commission Rules*. Section 52.12 of the Commission's rules addresses the NANPA neutrality requirements.[32] Specifically, section 52.12(a)(1) states that the NANPA must be a non-governmental entity, not aligned with any particular industry segment.[33] Thus, a TSP may not be the NANPA.[34] Furthermore, the NANPA may not be an affiliate of a TSP.[35] The Commission's rules state that the majority of the NANPA's debt must not be issued to, nor may a majority of the NANPA's revenues be received from, a TSP.[36] In addition, the NANPA must not be subject to undue influence of any party with a vested interest in numbering administration.[37] Section 52.13 of our rules sets forth the general responsibilities of the NANPA.[38] More specific responsibilities are set forth in the NANPA contract.

11. *The Warburg Transfer Order*. On December 21, 1998, Lockheed and Warburg filed a Request for Expeditious Review for a proposed transfer of Lockheed's Communications Industry Services (CIS) business unit to Warburg, in order to adhere to the Commission's neutrality requirements for the NANPA.[39] On August 17, 1999, Lockheed and Warburg filed an Amended Request for Expeditious Review of the proposed transfer of Lockheed's CIS business unit to NeuStar, an affiliate of

[27] *Id.* at 9

[28] *Id.* at 8.

[29] *Id.*

[30] *See* NANC Report on NeuStar Request at 12.

[31] *Id*; *Bureau Letter* at 3.

[32] 47 C.F.R. § 52.12.

[33] 47 C.F.R. § 52.12(a)(1).

[34] *Warburg Transfer Order*, 14 FCC Rcd at 19805.

[35] 47 C.F.R. § 52.12(a)(1)(i).

[36] 47 C.F.R. § 52.12(a)(1)(ii).

[37] 47 C.F.R. § 52.12(a)(1)(iii).

[38] 47 C.F.R. § 52.13.

[39] *See* Request of Lockheed Martin Corporation and Warburg, Pincus & Co. for Review of the Transfer of the Lockheed Martin Communications Industry Services Business from Lockheed Martin Corporation to an Affiliate of Warburg, Pincus & Co., Request for Expeditious Review of the Transfer of the Lockheed Martin Communications Industry Service Business, NSD File No. 98-151 (Dec. 21, 1998).

Warburg.[40] On November 17, 1999, the Commission released the *Warburg Transfer Order*, approving the transfer of the NANPA functions to NeuStar, subject to the terms and conditions enumerated in that Order, for the remainder of Lockheed's term of appointment as the NANPA.[41] As a threshold matter, the Commission found that, because of their direct participation as competitors in the telecommunications market, no telecommunications service providers may serve as the NANPA.[42] In reviewing Lockheed's request and the neutrality of NeuStar, the Commission employed the definitions and criteria used in the *NANP Administration Third Report and Order* and our rules.[43] First, the Commission evaluated NeuStar's affiliate relationship with telecommunications providers.[44] Second, the Commission evaluated NeuStar's debt and revenue from TSPs.[45] Third, the Commission evaluated the potential for undue influence over the NANPA.[46]

12. In the *Warburg Transfer Order*, the Commission concluded that Lockheed must obtain prior approval before transferring the NANPA functions.[47] The Commission also found that Lockheed was in violation of the neutrality requirements, because Lockheed's acquisition of Comsat Government Services, Inc., a wholly owned subsidiary of Comsat Corporation Comsat, made it a TSP.[48] Lockheed, however, was permitted to cure its neutrality violation by transferring the NANPA functions to an entity that met the neutrality requirements.[49] The Commission found that NeuStar, as it was structured and with the additional safeguards imposed, was in compliance with the Commission's neutrality criteria; and, therefore, the NANPA functions could be transferred to it.[50] The Commission conditioned approval of the transfer of the NANPA functions on NeuStar's adherence to a Code of Conduct.[51] The Commission's approval of the proposed transfer was subject to the parties' acceptance of all of the foregoing

---

[40] *See* Request of Lockheed Martin Corporation and Warburg, Pincus & Co. for Review of the Transfer of the Lockheed Martin Communications Industry Services Business from Lockheed Martin Corporation to an Affiliate of Warburg, Pincus & Co., Amended Request for Expeditious Review of the Transfer of the Lockheed Martin Communications Industry Service Business, NSD File No. 98-151 (Aug. 17, 1999). *See also* Supplemental Amended Request for Expeditious Review of the Transfer of the Lockheed Martin Communications Industry Service Business, NSD File No. 98-151 (Aug. 27, 1999). The Amended Request and Supplemental Amended Request replaced the parties' December 21, 1998 initial filing.

[41] *Warburg Transfer Order*, 14 FCC Rcd at 19792.

[42] *Id.* at 19805.

[43] *Id.* at 19808-10; *NANP Administration Third Report and Order*, 12 FCC Rcd at 23080-81; 47 C.F.R. § 52.12(a)(1).

[44] *Warburg Transfer Order*, 14 FCC Rcd at 19808. An affiliate is defined as "a person who controls, or is controlled by, or is under the direct or indirect common control with another person." 47 C.F.R. §52.12(a)(1)(i); *see also* 47 U.S.C. § 153(1).

[45] *Warburg Transfer Order*, 14 FCC Rcd at 19809.

[46] *Id.* at 19810.

[47] *Id.* at 19804-05.

[48] *Id.* at 19805, 19815.

[49] *Id.* at 19814-15.

[50] *Id.* at 19793, 19815.

[51] *Id.* at 19813, 19816 (Appendix A). The Code of Conduct requires NeuStar to hire an independent entity to conduct a neutrality review, or audit, of NeuStar on a quarterly basis and to commit to provide the results of this review to the Bureau, the NANC, and the designated local number portability regional Limited Liability Corporation (LLC) representatives.

conditions.[52]

13. The NeuStar board was to consist of two Warburg representatives and two unaffiliated directors with no familial or business connection with Warburg, Warburg Pincus Equity Partners (WPEP),[53] or NeuStar management. The Senior Vice President and Managing Director of CIS was appointed as the fifth director and the Chairman of the Board.[54] Under the terms of the agreement, WPEP owns a 9.9% interest in NeuStar; NeuStar management owns a 28.1% interest in NeuStar; and Lockheed owns a 3% interest in NeuStar. The remaining 59% interest in NeuStar is owned by an irrevocable Voting Trust, which controls the voting rights of the shares in the trust. The Voting Trust is administered by two unaffiliated trustees, who have voting rights for the Voting Trust's 59% interest in NeuStar. The beneficiaries of the trust include at least 25 individuals comprised of the individual WPEP investors and NeuStar management.[55]

14. *Bureau Letter*. On July 12, 2002, the Bureau sent a letter to NeuStar in response to the addition of two new investors in NeuStar.[56] Although the addition of the two new investors did not violate the Commission's neutrality rules,[57] it was a change to NeuStar's organizational structure that was implemented without prior Commission approval.[58] The Bureau retroactively approved the admission of the new investors, but admonished NeuStar for taking such action without prior Commission approval.[59] The Bureau directed NeuStar to refrain from issuing additional shares, registering for sale, permitting the private sale, or otherwise permitting the transfer of any of its shares, if such action could result in a change in NeuStar's organizational structure, without first obtaining the Commission's approval.[60] In addition, the Bureau reiterated that NeuStar must seek and get prior approval for changes to its organizational structure, the Voting Trust, or the Board, even if NeuStar believes that such changes will not result in a violation of the Commission's neutrality rules or the *Warburg Transfer Order*.[61] The Bureau also stated that any future changes of this nature, without first obtaining Commission approval, would subject NeuStar to any and all remedies available to the Commission, up to and including termination.[62] Together, the *Bureau Letter*, the *Warburg Transfer Order*, and section 52.12 of our rules establish the foundation for evaluating NeuStar's ability to serve as a neutral NANPA.

B. Changes and Transactions No Longer Subject to Prior Approval Requirements

1. Corporate changes that dilute or do not increase the rights of any TSP or

[52] *Id.* at 19814.

[53] WPEP is a private equity investment firm that is an affiliate of Warburg. *Warburg Transfer* Order, 14 FCC Rcd at 19792.

[54] *Warburg Transfer* Order, 14 FCC Rcd at 19801.

[55] *Id.* at 14 FCC Rcd at 19800.

[56] *See Bureau Letter* at 1-3. As discussed above, this letter superceded, in its entirety, the letter released on July 1, 2002 regarding the same subject matter. *See supra* at para. 5 n.13.

[57] *Id.* at 2; 47 C.F.R. § 52.12(a)(1).

[58] *Bureau Letter* at 1-2.

[59] *Id.* at 2.

[60] *Id.*

[61] Changes to NeuStar's organizational structure may include, but are not limited to, changes in its overall ownership structure, corporate structure, bylaws, or distribution of equity interests. *Id.* at 3.

[62] *Id.*

TSP affiliate.

15. *Changes to the Board's Structure or Size*.[63] We eliminate the prior approval requirement for changes to the Board's structure or size, under NeuStar's current organizational structure or after an IPO, subject to the following conditions. First, Warburg's Board membership should not exceed the 40 percent level established in the Code of Conduct.[64] This measure, as advocated by Cox, will help minimize the risk of Warburg incrementally increasing its influence on the Board.[65] Second, no single entity, other than the existing Voting Trust, may control more than 40 percent of the Board. Such measures will help minimize the risk of any TSP or TSP affiliate exerting undue influence over NeuStar's responsibilities as a neutral numbering administrator. Third, no additional directors shall be affiliated with a TSP.[66] Fourth, in order to further safeguard NeuStar's neutrality, no director may be nominated or chosen by a TSP or TSP affiliate. Fifth, the majority of NeuStar's Board members must be independent. These conditions will ensure that neither Warburg, nor any other TSP or TSP affiliate, will exert undue influence over NeuStar.

16. *Changes to Bylaws, Charter or Securities*. We eliminate the prior approval requirement for changes to NeuStar's bylaws, charter or securities, provided that such changes do not provide a TSP or TSP affiliate any rights that are not enjoyed by other holders of the class of securities held by such entity under NeuStar's current organizational structure or after an IPO.[67] We agree with Cox, however, that additional restrictions are necessary to ensure compliance with our neutrality rules.[68] Thus, the changes to NeuStar's bylaws, charter, or securities are subject to the conditions set forth below.

17. We find that, as proposed by the NANC, NeuStar must maintain provisions in its bylaws and other corporate documents that require it to comply with all neutrality rules regardless of whether NeuStar is a private or public company.[69] Specifically, NeuStar's bylaws and charter must be revised to include any changes authorized, and limitations placed in this Order.[70] In addition, with respect to

---

[63] NeuStar requests that prior Commission approval not be required for corporate changes that dilute or do not increase the rights of any TSP or TSP affiliate. *See* NeuStar Request at 5.

[64] *See Warburg Transfer Order*, 14 FCC Rcd 19816, Appendix A. NeuStar's Board is comprised of five directors. Thus, Warburg can have no more than two directors on the Board. *Warburg Transfer Order*, 14 FCC Rcd 19801-02. Currently, there are two Warburg directors on NeuStar's Board. *See also* Cox Comments at 4-5. Cox recommends that Warburg be limited to two seats or not more than 40 percent of the board, regardless of how many seats may be added. Cox Comments at 4-5. The Rural Cellular Association (RCA) states that Warburg should not be allowed greater representation on the NeuStar board. *See* Letter from David L. Nace, Lukas, Nace, Gutierrez & Sachs, Counsel for Rural Cellular Association, to Marlene H. Dortch, Secretary, Federal Communications Commission at 2 (dated July 29, 2004) (*RCA July 29 ex parte*). NeuStar anticipates it will increase the size of Board to a size commensurate with other similarly sized public companies after the IPO. *NeuStar July 13 ex parte* at 3. According to NeuStar, such a change is likely to decrease Warburg's proportional representation on the Board. *NeuStar July 13 ex parte* at 3-4.

[65] Cox Comments at 4.

[66] *Id.* at 5 n.6. Cox contends that the Warburg presence represents a compromise and should not be considered a precedent to permit other TSPs to have such influence over NeuStar.

[67] NeuStar requests that prior Commission approval not be required for changes to NeuStar's bylaws, charter, or securities provided that such changes do not provide to any entity that is a TSP or an affiliate of a TSP any rights that are not enjoyed by other holders of the class of a securities held by such entity. *See* NeuStar Request at 6.

[68] Cox Comments at 5; Cox Reply Comments at 1.

[69] *See* NANC Report on NeuStar Request at 11.

[70] Cox Comments at 6.

securities, no special rights or classes of stock may be issued to TSPs or TSP affiliates without prior Commission approval. Finally, we find that no changes shall be made to NeuStar's bylaws, charter, or securities that may affect NeuStar's compliance with our neutrality requirements. These provisions will help ensure that NeuStar remains neutral by minimizing the risk that TSPs or TSP affiliates will exert undue influence in violation of the *Warburg Transfer Order* and the neutrality rules.[71]

18. *Changes to Corporate Structure*. We eliminate the prior approval requirement for changes to NeuStar's corporate structure, including reorganization into one or more subsidiaries or dispositions of subsidiaries under NeuStar's current organizational structure or after an IPO.[72] NeuStar, however, must keep its numbering administration functions severable. Such a separation will allow for a smooth transfer of numbering administration functions in the event another entity is selected to perform the numbering administration functions currently performed by NeuStar. NeuStar must also ensure that the boards of any subsidiaries adhere to the Code of Conduct and the requirements set forth in this Order.[73] In addition, NeuStar must file its revised Voting Trust and Shareholders' Agreement within 30 days of the release of this Order.

2. Transactions that dilute or do not increase the rights of any TSP or TSP affiliate in NeuStar.

19. *Pre-IPO Transactions*. We eliminate the prior approval requirement for transactions that dilute or do not increase the rights of any particular TSP or TSP affiliate, subject to the conditions set forth below. We adopt NeuStar's proposed conditions that no entity that is a TSP or TSP affiliate may acquire any equity in NeuStar without prior Commission approval, and that any entity's equity interest in excess of 9.9% shall be placed in the Voting Trust.[74]

20. Finally, we find that Warburg's percentage of equity interest in NeuStar may be maintained or diluted, but may not be increased. Cox notes that Warburg could increase its percentage interest in NeuStar without increasing its total number of shares. Specifically, Cox contends that Warburg's total number of shares could be increased if other shareholders tendered shares in a buy-back, but Warburg did not.[75] NeuStar concedes that Cox is correct but notes that such a transaction could have a *de minimis* effect on Warburg's percentage equity interest.[76] We find, however, that even a *de minimis* increase could increase Warburg's influence over NeuStar. Thus, we agree with Cox and find that prior Commission approval remains necessary, prior to an IPO, for any transaction that increases Warburg's percentage equity interest in NeuStar, whether held directly or through the Voting Trust.[77] The conditions we establish for pre-IPO transactions will help ensure that neither Warburg, nor any other TSP or TSP affiliate, exerts undue influence over NeuStar.

21. *Post-IPO Transactions*. We find that after an IPO there will be less of a need to monitor all transactions affecting NeuStar's ownership, and it will be less likely that a particular TSP or TSP affiliate could exert control or influence over NeuStar without the Commission's knowledge. As noted

[71] *See Warburg Transfer Order*, 14 FCC Rcd 19810.

[72] *See* NeuStar Request at 6. Cox contends that NeuStar should be required to report any restructuring to both the Commission and the NANC to facilitate oversight of NeuStar's neutrality compliance. Cox Comments at 7.

[73] *See supra* at para. 15.

[74] NeuStar Request at 6-7.

[75] *See* Cox Comments at 5.

[76] *See* NeuStar Reply Comments at 5.

[77] *See* Cox Comments at 5.

above, disclosure requirements will subject NeuStar to more transparency and oversight.[78] Therefore, we relax the post-IPO pre-approval requirements as discussed herein.

22. We eliminate the prior approval requirement for transactions that dilute or do not increase any interests of a TSP or TSP affiliate in NeuStar, subject to the conditions set forth below. Individual TSPs and TSP affiliates shall be limited to less than a 5% equity ownership interest in NeuStar. In the event any TSP or TSP affiliate acquires any ownership interest in NeuStar in violation of this limit, NeuStar may not register these shares and no voting rights may be granted to such shares. TSPs and TSP affiliates may not cure any excess interests by placing them in the Voting Trust.[79] This requirement will help minimize the risk that entities with a vested interest in the outcome of numbering administration activities will be able to exert undue influence over NeuStar.[80] Furthermore, limiting the level of TSP or TSP affiliate equity interests will help minimize the risk of any industry segment exerting undue influence over NeuStar.[81]

23. In its comments, Cox contends that, in addition to limiting the percentage of NeuStar's equity that may be held by any individual TSP, the Commission should also impose a cap on the aggregate percentage of equity that may be owned by TSPs.[82] Cox suggests that the Commission should either interpret the limitations contained in section 52.12(a)(1) of the Commission's rules as applying in the aggregate, or adopt an overall TSP ownership cap of 20%.[83] In its July 13 *ex* parte letter, NeuStar argues that the oversight regime it proposes, provides adequate safeguards against undue influence by TSPs in the aggregate.[84] NeuStar also states that TSPs acting in coordination, with aggregate interests that exceed 5%, must disclose that fact to the SEC, and "will be treated as a single interest for both the SEC's 5% reporting threshold and the ownership and debt caps in NeuStar's proposal."[85] NeuStar suggests that setting the IPO and post-IPO individual ownership caps at 5%, rather than 9.9%, should allay concerns about aggregate TSP ownership.[86]

24. We find that the plain language of section 52.12(a)(1) does not support the interpretation suggested by Cox.[87] We also decline to impose an aggregate ownership cap at this time. Ownership by a broad group of shareholders that might include disparate TSP interests may well promote, and not

[78] *See supra* at para. 9.

[79] *See* Cox Comments at 8

[80] NeuStar recommends a 9.9% cap. *See* NeuStar Request at 7.

[81] *See* Letter from L. Charles Keller, Wilkinson, Barker, Knauer LLP, Counsel for Syniverse, to Marlene H. Dortch, Secretary, Federal Communications Commission at 2-3 (dated June 28, 2004) (*Syniverse June 28 ex parte*). *See also NANP Order*, 11 FCC Rcd at 2613.

[82] Cox Comments at 8.

[83] Cox Comments at 8. The RCA also advocates that restrictions on aggregate ownership by any particular class of providers be maintained for a publicly traded NANPA. *RCA July 29, ex parte* at 2.

[84] *NeuStar July 13 ex parte* at 8.

[85] *Id.*

[86] *Id.* at 9.

[87] Syniverse is correct in observing that the Commission has in one instance treated an entity collectively owned by the Bell Operating Companies as a single entity for purposes of sec. 52.12(a)(1). Syniverse Ex Parte letter at 3 (citing *Toll Free Access Codes; Database Services Management, Inc. Petition for Declaratory Ruling; Beehive Telephone Co. Petition for Declaratory Ruling*, CC Docket No. 95-155, Fifth Report and Order, 15 FCC Rcd 11939, 11941, 11947-11948 (2000)). The special circumstances of that case do not control our interpretation of the rule with respect to individual investments in NeuStar by separate TSP interests.

undermine, neutrality. We nevertheless recognize the possibility that a concentration of ownership in the hands of TSPs providing similar services might in some circumstances lead to the problem claimed by Cox. Accordingly, we require NeuStar to report to the Commission, no later that 30 days after its IPO registration statement is declared effective, the names of all TSPs or TSP affiliates that own a 5% or greater equity interest in NeuStar. We also require NeuStar, in the context of the periodic neutrality audits, to make available to the auditor upon the auditor's request any information in NeuStar's possession relating to the identity of the record or beneficial owners of its equity shares, and, in addition, to certify to the auditor upon request that the executive officers and directors of NeuStar have no actual knowledge of any record or beneficial ownership of equity shares by a TSP or TSP affiliate, other than as disclosed to the auditor. This, in conjunction with the other aspects of the required neutrality audits and other ongoing oversight by NANC and this Commission, will allow us to ascertain, before renewing the NANPA contract, whether NeuStar's neutrality has been adversely affected by aggregate TSP ownership.

25. Any entity acquiring 5% or more of NeuStar equity must certify to NeuStar that it is not a TSP or TSP affiliate.[88] Any entity that is required to certify that it is not a TSP or TSP affiliate shall report any changes that affect the validity of its certification to NeuStar within five business days of the change.[89] Five business days will provide ample time for NeuStar to inform the Commission of such changes. If an entity with 5% or more of NeuStar equity becomes a TSP or TSP affiliate, NeuStar may not register these shares and no voting rights may be granted to such shares. TSPs and TSP affiliates, other than as previously required for Warburg, may not cure any excess interests by placing them in the Voting Trust. This reporting requirement will help NeuStar monitor its investors and comply with the requirements of this Order. NeuStar shall provide copies of these certifications and the supporting documentation to the Commission and the NANC within five business days of receiving them.

26. We also find that NeuStar may issue indebtedness to any entity that is not a TSP or TSP affiliate without prior approval. The Commission, however, retains its prior approval requirement for any indebtedness that is issued to a TSP or TSP affiliate. Any indebtedness issued to a TSP must also be consistent with section 52.12(a)(1)(ii) of our rules.[90] Similarly, we find that NeuStar may acquire, without prior approval, an entity, or equity interest in an entity, which is not a TSP or a TSP affiliate. The Commission, however, retains its prior approval requirement for any equity interest acquired by NeuStar in a TSP or TSP affiliate. These limitations will help minimize the risk that the entity selected to perform numbering administration functions will become aligned with a particular telecommunications industry segment.[91]

27. Finally, as proposed by NeuStar, the majority of NeuStar's Board shall consist of independent directors, as defined by the NASDAQ or the New York Stock Exchange.[92] This condition, combined with the conditions listed above, will ensure that the NeuStar board remains neutral and not subject to undue influence by any TSP, TSP affiliate or particular industry segment with a vested interest in numbering administration activities.

[88] NeuStar Request at 7. NeuStar originally recommended that any entity acquiring more than 9.9% equity in NeuStar should be required to certify that it is not a TSP or TSP affiliate. NeuStar, however, subsequently stated that it would have no objection to a 5% ownership cap for TSPs and TSP affiliates. *See NeuStar July 13, NeuStar July 13 ex parte* at 9.

[89] NeuStar recommends a ten day reporting window. NeuStar Request at 7.

[90] *See* 47 C.F.R. § 52.12(a)(1)(ii). Cox recommends a 5% limit on NeuStar indebtedness issued to TSPs. Cox Comments at 7-8.

[91] *See Syniverse June 28 ex parte* at 2-3; *see also NANP Order*, 11 FCC Rcd at 2613.

[92] NeuStar Request at 7.

C. Transfer of Control from the Voting Trust to a Broad Shareholder Base Through an IPO.

28. We find that the transfer of control from the current majority shareholder, the Voting Trust, to a broad shareholder base through an IPO will serve the public interest. This transfer will allow NeuStar to become a public company, permitting it to access a larger capital market while maintaining its neutrality.[93] We agree with the NANC that allowing NeuStar to become a public company through an IPO will provide several enhancements to the Commission's and the NANC's ability to monitor NeuStar's adherence to the neutrality requirements.[94] First, becoming a public company provides more transparency through SEC filings.[95] Second, becoming a public company adds a new level of incentive to comply with neutrality requirements through legal exposure to claims by public shareholders if fiduciary responsibilities are breached.[96] Third, becoming a public company creates additional incentives to comply with neutrality requirements through additional pressure on the value of the company via its publicly held shares if allegations of non-compliance with government regulations are made.[97] Thus, NeuStar will now be accountable to the SEC and its shareholders in addition to the Commission.

29. We, therefore, grant, in part, subject to the conditions imposed herein, NeuStar's request for a transfer of ownership control from the current majority shareholder, a Voting Trust, to a broader shareholder base through an IPO. As discussed below, we require NeuStar to submit additional information regarding its IPO to the Bureau for approval as a condition of this grant.

30. _Requirements of an IPO_. We find that NeuStar's IPO must meet the following requirements. No entity may acquire 5% or more of the outstanding equity in NeuStar as a result of the IPO.[98] After the IPO, TSPs and TSP affiliates, other than Warburg, will be limited to less than a 5% ownership interest and will be required to divest any excess interest.[99] As discussed above, TSPs and TSP affiliates, other than as previously specified for Warburg, cannot cure any excess interests by [illegible] them in the Voting Trust.[100] Such measures will help ensure that TSPs or TSP affiliates do not [illegible] undue influence over NeuStar.

31. In addition, Warburg's equity interest in NeuStar shall not increase as a result of the IPO.[101] This condition will help ensure that NeuStar remains neutral in order to maintain the trust and confidence of the entities that must submit sensitive data to it in its numbering administration activities. Finally, NeuStar shall file with the Commission and the NANC any and all amendments up to and including its SEC registration statement and exhibits within two days of filing with the SEC. This requirement will allow the Commission and the NANC to continually monitor NeuStar's adherence to the neutrality requirements and the conditions established in this Order.

---

[93] NeuStar Request at 10.

[94] *See* NANC Report on NeuStar Request at 10.

[95] *Id.* at 11.

[96] *Id.*

[97] *Id.*

[98] NeuStar originally recommended that no entity may acquire 9.9% or more outstanding equity in NeuStar as a result of the IPO. *See* NeuStar Request at 7. NeuStar later stated that it would have no objection to limiting the shares that any entity may acquire in the IPO to 5%. *See NeuStar July 13 ex parte at* 9.

[99] *See supra* at para. 22.

[100] *See* Cox Comments at 8, *See supra* at para. 22.

[101] *See* NeuStar Reply Comments at 5.

32. *Additional Information*. Several commenters and the NANC assert that NeuStar's petition did not contain enough details on the IPO terms.[102] Specifically, the NANC states that the Commission should require NeuStar to provide additional clarification about the IPO and the transition plan related to the transfer of the Voting Trust to the shareholders to ensure that no aspects of neutrality are placed in jeopardy.[103]

33. NeuStar subsequently provided additional details on the IPO. We find that NeuStar, through its petition and supplemental filings has provided sufficient information to address its potential IPO.[104] In these filings, NeuStar states that following the IPO the Voting Trust will remain in place. NeuStar also states that the IPO will not change the Voting Trust, the rights of the trustee, or the rights of the entities whose shares are held by the Voting Trust.[105] NeuStar anticipates that 8 to 17 millions shares (approximately 15 to 30 percent of NeuStar's current total outstanding equity) will be offered in the IPO.[106] According to NeuStar, the new shares to be issued in the IPO, and any shares sold out of the Voting Trust, will be common stock that carry the right to one vote per share and that have no other, special voting rights.[107] These newly issued shares may include shares of NeuStar common stock owned by existing investors in NeuStar.[108] NeuStar also explains that although it currently has multiple classes of stock, upon the closing of the IPO, all outstanding shares of preferred stock would be converted to common stock, leaving NeuStar with one class of stock.[109]

34. *Reporting and disclosure requirements*. Because we eliminate the prior approval requirement for certain changes and transactions, we shall establish reporting and disclosure requirements to help us monitor NeuStar's compliance with the neutrality requirements and the provisions of this Order. NeuStar will be required to provide a copy of its IPO registration statement, together with any and all amendments, up to and including its SEC registration statement and exhibits and certify that the IPO meets the requirements of this Order within two days of filing the registration statement with the SEC. Additionally, NeuStar will be required to provide copies of equity ownership information, certifications, and shareholder filings within two business days of our request. Changes to NeuStar's organizational structure, including Board changes, must be provided to the Commission and the NANC with a detailed organizational chart within five days of the change. Furthermore, we find that NeuStar is required to provide the Commission and the NANC with the disclosure forms of the shareholders who own 5% or more of the company's equity within five days of registration or receipt of the disclosure forms.[110] These

---

[102] *See* NANC Report on NeuStar Request at 11; Cox Comments at 11; Cox Reply Comments at 2-3; CTIA Comments at 3-4.

[103] NANC Report on NeuStar Request at 11.

[104] NeuStar submitted two supplemental filings outlining its proposed IPO. *See NeuStar June 22 ex parte* at 1-2; *NeuStar July 13 ex parte* at 1-11.

[105] *NeuStar June 22 ex parte* at 1. According to NeuStar, the only effect the IPO will have on the Voting Trust will be to dilute the percentage interest in NeuStar equity that the Voting Trust holds as a result of the sale of newly issued shares of equity and the sale of shares held by the Voting Trust.

[106] *Id.* at 1. NeuStar currently has about 56 million shares outstanding on a fully diluted basis. NeuStar currently has four different classes of stock (Common Stock and three types of preferred stock entitled to separate approval rights for specified corporate transactions). *NeuStar June 22 ex parte* at 1 n.1-2.

[107] *Id.* at 1; *NeuStar July 13 ex parte* at 2-3.

[108] *NeuStar July 13 ex parte* at 2.

[109] *NeuStar June 22 ex parte* at 1-2; *NeuStar July 13 ex parte* at 3.

[110] NeuStar proposes providing such forms to the Commission within five business days of receiving them. *See* NeuStar Request at 9-10.

requirements will provide the Commission and the NANC with the ability to continually monitor NeuStar's neutrality.[111]

D. NANPA Solicitation

35. Some commenters suggest that eliminating the prior approval requirements for certain transactions requires rebidding the NANPA contract.[112] We disagree. As explained by NeuStar, the requested changes do not constitute a material change to the scope of the original contract.[113] NeuStar has not requested a change to its responsibilities as the NANPA or to the costs of its services. Nor does the relief granted to NeuStar in this Order change its ability to serve as a neutral numbering administrator.[114] Rather, as discussed above, the basic statutory and regulatory neutrality requirements that apply to the NANPA remain intact. For these reasons, therefore, we do not believe that the scope of the current NANPA contract requirements have been exceeded so as to require rebidding.

36. CTIA and Syniverse also claim that potential bidders were deterred from participating in the original procurement due to the prior approval restrictions on ownership changes imposed by the *Warburg Transfer Order*.[115] Again, we disagree. The requirements established in the *Warburg Transfer Order* and the *Bureau Letter* were designed to cure the specific neutrality conflicts that Lockheed and NeuStar faced.[116] Any uncertainty regarding the applicability of those requirements to others could and should have been raised during the NANPA solicitation process when potential bidders were given an opportunity to obtain clarification of the RFP requirements. In fact, such questions were raised. In response to questions addressing the reach of the *Warburg Transfer Order*, the Commission stated, "Generally, the neutrality rules, requirements and policies will continue to apply to any entity selected as the NANPA"[117] and that the "terms and conditions placed on NeuStar in the *Lockheed Martin* [*Warburg*] *Transfer Order* would continue with respect to NeuStar if it were selected as the NANPA for the next

[111] The NANC contends that the Commission and the NANC should receive all SEC publicly available NeuStar filings within one business day of the SEC filing. The NANC also contends that all other SEC filings should be furnished to the FCC and the NANC within one business day after the SEC makes it publicly available. *See* NANC Report on NeuStar Request at 13. Cox recommends that NeuStar should be required to report promptly whenever it makes any of the changes that are permitted as a result of its request. *See* Cox Comments at 10. After an IPO, Cox contends that NeuStar should be able to meet its reporting requirements by providing the Commission and the NANC with copies of the relevant securities filings on the same day they are provided to the SEC, and no later than the next business day. *See* Cox Comments at 10-11.

[112] Syniverse Comments at 2-4; *Syniverse June 28 ex parte* at 2; CTIA Comment at 3-4. Syniverse contends that NeuStar's petition should be denied. Syniverse, however, submits that if the Commission grants NeuStar's request it should terminate and rebid the NANPA contract. Syniverse Comments at 2-4. CTIA, however, does not oppose granting NeuStar's request if it does not diminish the neutrality requirements and does not prejudice bidders and potential bidders from the last procurement. CTIA Comments at 3- 4. We note that the appropriate forum to communicate procurement matters is with the Contracting Officer. Nevertheless, we have addressed these issues because they are closely related to the other issues raised by NeuStar's request that we have resolved in this decision.

[113] *NeuStar July 13 ex parte* at 13; *citing AT&T Communications, Inc. v. Wiltel, Inc.*, 1 F.3d 1201, 1205 (Fed. Circ. 1993); *see also* Letter from Richard E. Wiley, Counsel for NeuStar, Inc., to Marlene H. Dortch, Secretary, Federal Communications Commission at 1 (dated July 28, 2004) (*NeuStar July 28 ex parte*).

[114] *See supra* at paras. 8-9.

[115] Syniverse Comments at 2-4; *Syniverse June 28 ex parte* at 3; CTIA Comments at 3-4.

[116] *See Warburg Transfer Order*, 14 FCC Rcd at 19793, 19814-25; *Bureau Letter* at 2-3

[117] *See* Question and Answers – Solicitation SOL03000001, NANPA at 14.

term."[118] The Commission further explained that "Bidders cannot assume, however, that the FCC would find the same terms and conditions would cure a potential or actual violation of the neutrality provisions with respect to a different situation or entity."[119] Thus, while the Commission clarified that the same types of prior approval restrictions contained in the *Warburg Transfer Order* could be imposed on other bidders found in violation of a neutrality requirement, the Commission's own statements belie any basis for the presumption that all such restrictions applied to all bidders in all situations.

37. In this same vein, we reject claims made that because the actions taken in this Order remove alleged restrictions on public companies serving as the NANPA, rebidding the NANPA functions is required.[120] Consistent with the analysis set forth in Paragraph 36 above, any questions concerning the applicability of the requirements of the *Warburg Transfer Order* to this issue could and should have been raised during the solicitation process. In fact, such issues were raised[121] and the Commission's response did not foreclose a public company from serving as the NANPA,[122] a result made obvious by the fact that a public company did bid for the NANPA contract. We also find that the public interest is not served by rebidding the NANPA functions because an entity may have mistakenly believed a public company could not serve as the NANPA. Rebidding the contract is neither necessitated nor warranted, especially since NeuStar is meeting the requirements of its contract and any interested party had an opportunity to participate during the last solicitation.[123]

38. We also reject Syniverse's claim that eliminating the prior approval requirement for certain transactions increased the value of the NANPA contract.[124] Syniverse suggests that the value of the contract is increased as a result of the elimination of certain prior approval restrictions. According to Syniverse, this "windfall" value should not benefit NeuStar.[125] In order for Syniverse's argument to have any validity, we would have to conclude that the eliminated restrictions hold some definitive dollar value and that this value would be translated into a reduced contract price. Syniverse does not provide evidence

---

[118] *Id.*

[119] *Id.*

[120] Syniverse Comments at 4

[121] *See* Question and Answers – Solicitation SOL03000001, NANPA at 14-15.

[122] Specifically, the Commission stated that, "The current neutrality rules, requirements, and policies, with respect to changes to organizational structure, generally would apply to the entity selected as the NANPA." Whether or not the safeguards established in the *Warburg Transfer Order* would apply to any entity selected as the NANPA other than NeuStar, however, would "depend on the particular organizational structure of that entity, and would be determined on a case-by-case basis by the FCC." Thus, the Commission was clear that the entities interested in serving as the NANPA could have various organizational structures.

[123] The Commission recently awarded NeuStar its first option year on the NANPA contract. *See supra* at para. 4 n.12. Moreover, in the most recent annual performance review, the NANC rated NeuStar somewhere between "More than Met" and "Exceeded" for its NANPA and Pooling Administrator function. *See* Letter from Robert C. Atkinson, Chairman, North American Numbering Council, to William Maher, Chief, Wireline Competition Bureau at 1 (dated July 26, 2004); *NANC 2003 NANPA performance Evaluation Report*, CC Docket No 99-200, Prepared by the Numbering Oversight Working Group, dated July 8, 2004 at 3; *NANC 2003 Pooling Administrator Performance Evaluation Report*, CC Docket No 99-200, Prepared by the Numbering Oversight Working Group, dated July 8, 2004 at 3.

[124] Letter from Lawrence J. Movshin, Wilkinson, Barker, Knauer LLP, Counsel for Syniverse, to Marlene H. Dortch, Secretary, Federal Communications Commission at 1 (dated July 26, 2004) (*Syniverse July 26 ex parte*); Letter from Lawrence J. Movshin, Wilkinson, Barker, Knauer LLP, Counsel for Syniverse, to Marlene H. Dortch, Secretary, Federal Communications Commission at 3 (dated Aug. 3, 2004) (*Syniverse August 3 ex parte*).

[125] *Syniverse July 26 ex parte* at 2.

of NeuStar's purported increased value or a mechanism for establishing that value. Nor does Syniverse adequately demonstrate that changing the prior approval requirements would necessarily result in a lower contract price. Because Syniverse's contention is highly speculative, we find it to be without merit.[126]

39. We strongly reject Syniverse's claim that "the Commission would utterly undermine the integrity of its procurements" if NeuStar is granted the relief it requested without any evidence that it needs such relief "in order to perform its contractual obligations" or that granting the relief requested violated the procurement process.[127] Whether or not NeuStar needs the relief requested to perform its contractual obligations is irrelevant to our analysis here. Rather, we focus on whether the relief requested would adversely impact NeuStar's ability to serve as a neutral numbering administrator. Our actions in this order in no way compromise the integrity of that process. In addition, Syniverse fails to provide specific evidence of a violation of the procurement process we used to select the NANPA. Because, as discussed above, NeuStar's request as modified herein, does not affect its ability to serve as a neutral numbering administrator we see no reason why the NANPA cannot make changes to its business plan that do not impact its neutrality.

40. Finally, Syniverse contends that the Commission should rebid the NANPA contract at the end of the current period if NeuStar chooses to make the requested changes to its ownership structure.[128] We disagree. The decision whether or not to renew the option is not currently before the Commission. The factors that might impact a decision to exercise the option are specifically set forth in section 17.207 of the FAR and will be evaluated by the contracting officer at the time the option is to be exercised.[129]

IV. ORDERING CLAUSES

41. Accordingly, IT IS ORDERED that pursuant to the authority contained in Sections 1, 4, and 251 of the Communications Act of 1934, as amended, 47 USC §§ 151, 154 and 251 this ORDER IS ADOPTED.

42. It is FURTHER ORDERED that the request of NeuStar, Inc., to perform certain changes and transactions that do not affect its neutrality, without prior Federal Communications Commission approval, is granted, in part, to the extent set forth herein.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch

Marlene H. Dortch
Secretary

---

[126] *NeuStar July 28 ex parte* at 2.

[127] *Syniverse July 26 ex parte* at 3; *see also Syniverse August 3 ex parte* at 1-3.

[128] *Syniverse June 28 ex parte* at 2; *Syniverse July 26 ex parte* at 2; *Syniverse August 3 ex parte* at 3.

[129] *See, e.g.*, 48 C.F.R. §§ 17.207.

APPENDIX

List of Parties Filing Comments

Comments

BellSouth Corporation (BellSouth)
Cellular Telecommunications & Internet Association (CTIA)
Cox Communications, Inc. (Cox)
North American Portability Management LLC (NAPM)
Syniverse Technologies

Reply Comments

Cox
NeuStar, Inc. (NeuStar)